



JAGUAR LAND ROVER AUTOMOTIVE plc

RESULTS FOR THE QUARTER ENDED 30 JUNE 2019

AS INCLUDED IN TATA MOTORS GROUP PRESENTATION

Adrian Mardell, CFO

26th July 2019

Disclaimer



Statements in this presentation describing the objectives, projections, estimates and expectations of Jaguar Land Rover Automotive plc and its direct and indirect subsidiaries (the “Company”, “Group” or “JLR”) may be “forward-looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include, among others, economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes and incidental factors

- Q1 FY20 represents the 3 month period from 1 April 2019 to 30 June 2019
- Q1 FY19 represents the 3 month period from 1 April 2018 to 30 June 2018

Unless stated otherwise sales volumes are expressed in thousand units, financial values are in GBP millions.

Consolidated results of Jaguar Land Rover Automotive plc and its subsidiaries contained in the presentation are unaudited and presented under IFRS as approved in the EU.

Retail volume data includes and wholesale volume includes sales from the Company’s unconsolidated Chinese joint venture (“CJLR”)

EBITDA is defined as profit before income tax expense, exceptional items, finance expense (net of capitalised interest), finance income, gains/losses on unrealised derivatives and debt, gains/losses on realised derivatives entered into for the purpose of hedging debt, gains/losses on equity investments held at fair value, share of profit/loss from equity accounted investments and depreciation and amortisation.

EBIT is defined as for EBITDA but including share of profit/loss from equity accounted investments and depreciation and amortisation.

Certain analysis undertaken and represented in this document may constitute an estimate from the Company and may differ from the actual underlying results

Product and investment updates

Announcements on UK manufacturing and EDU collaboration



Refreshed Land Rover Discovery Sport now on sale



New electrified vehicles to be manufactured at Castle Bromwich, UK



JLR and BMW to collaborate on next-generation Electric Drive Units



UK Export Finance to guarantee £500m of planned £625m bank facility

China stabilises, cash outflows lower

Pre-tax loss £395m, consistent with Q1 outlook



IFRS, £m	Q1 FY20	Q1 FY19	Change
Retail volumes ('000 units)	128.6	145.5	(16.9)
Revenues	5,074	5,222	(148)
<i>EBITDA Margin</i>	4.2%	6.2%	(2.0)%
EBIT	(278)	(195)	(83)
<i>EBIT Margin</i>	(5.5)%	(3.7)%	(1.8)%
Profit / (Loss) - before tax and exceptional items	(383)	(264)	(119)
- before tax	(395)	(264)	(131)
- after tax	(402)	(210)	(192)

Revenue

Volume: 128.6k
Revenue: £5.1b

Lower volumes due to weaker market conditions, runout of prior model Discovery Sport and China Evoque, WLTP delays

EBIT

(5.5)% (-180bps)

Negative operating leverage; higher VME & warranty cost; impact of Brexit contingency planning

PBT

(before exceptionals)
£(383)m

Lower EBIT, higher finance cost and unfavourable unrealised revaluation

FCF

£(719)m

After £795m investment, £954m better than Q1 FY19, incl. £305m utilisation of new receivables facility

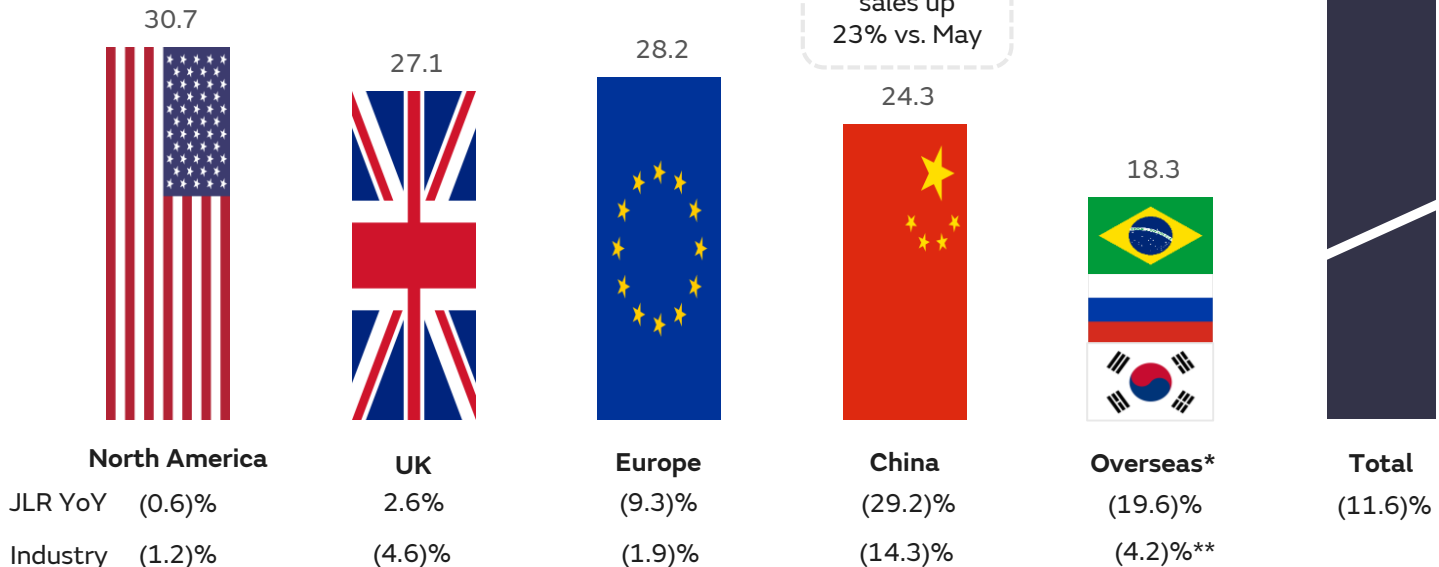
Retails 128.6k, down 11.6%

Weaker market conditions; UK up with record volumes



Retail units in '000

June China
sales up
23% vs. May



Wholesales

Units	26.0	25.3	25.4	24.2	17.8	118.6
YoY	(5.7)%	14.8%	(3.1)%	(26.8)%	(22.2)%	(9.9)%



Volumes include sales from Chery Jaguar Land Rover. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR). The Group recognises its share of profits from CJLR within EBIT.

* Overseas markets includes Australia, Brazil, Colombia, India, Japan, South Korea, Mexico, MENA, Russia, Singapore, South Africa, Taiwan and certain importers

** Industry volume data for South Korea was unavailable at time of release, thus Overseas industry volumes exclude South Korea.

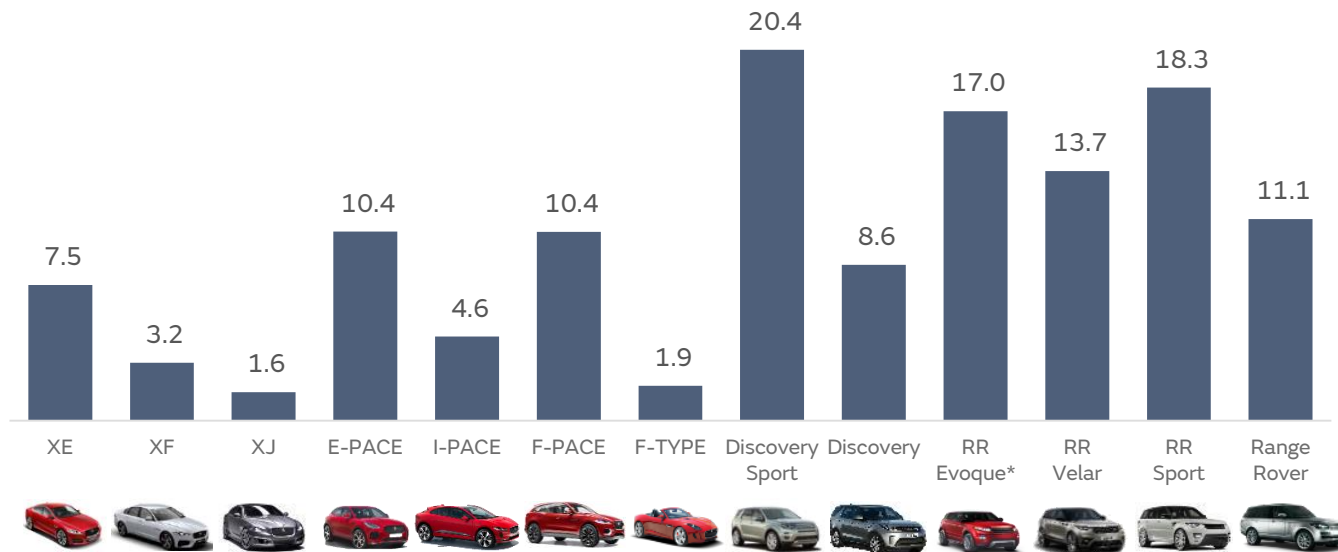
The total industry car volume data above has been compiled using relevant data available at the time of publishing, compiled from national automotive associations such as the Society of Motor Manufacturers and Traders in the UK and the ACEA in Europe

Lower model sales reflecting market conditions

New Discovery Sport in launch; new China Evoque from August

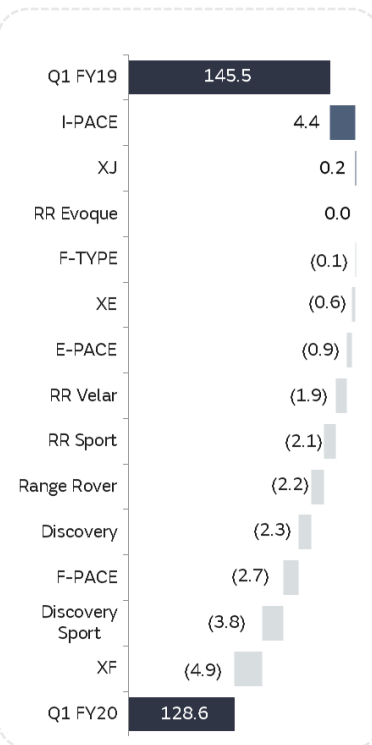


Retail units in '000



Wholesales

Units	7.9	3.9	1.6	9.3	5.2	9.4	1.9	16.4	8.0	17.9	11.0	16.0	10.0
YoY	(0.4)	(3.8)	0.6	(1.0)	5.1	(2.1)	0.3	(5.8)	(2.3)	3.9	(1.8)	(3.3)	(2.4)



Volumes include sales from Chery Jaguar Land Rover. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR). The Group recognises its share of profits from CJLR within EBIT.

* Combined sales of new Evoque and outgoing Evoque. New Evoque sales are up while sales of outgoing model are down.



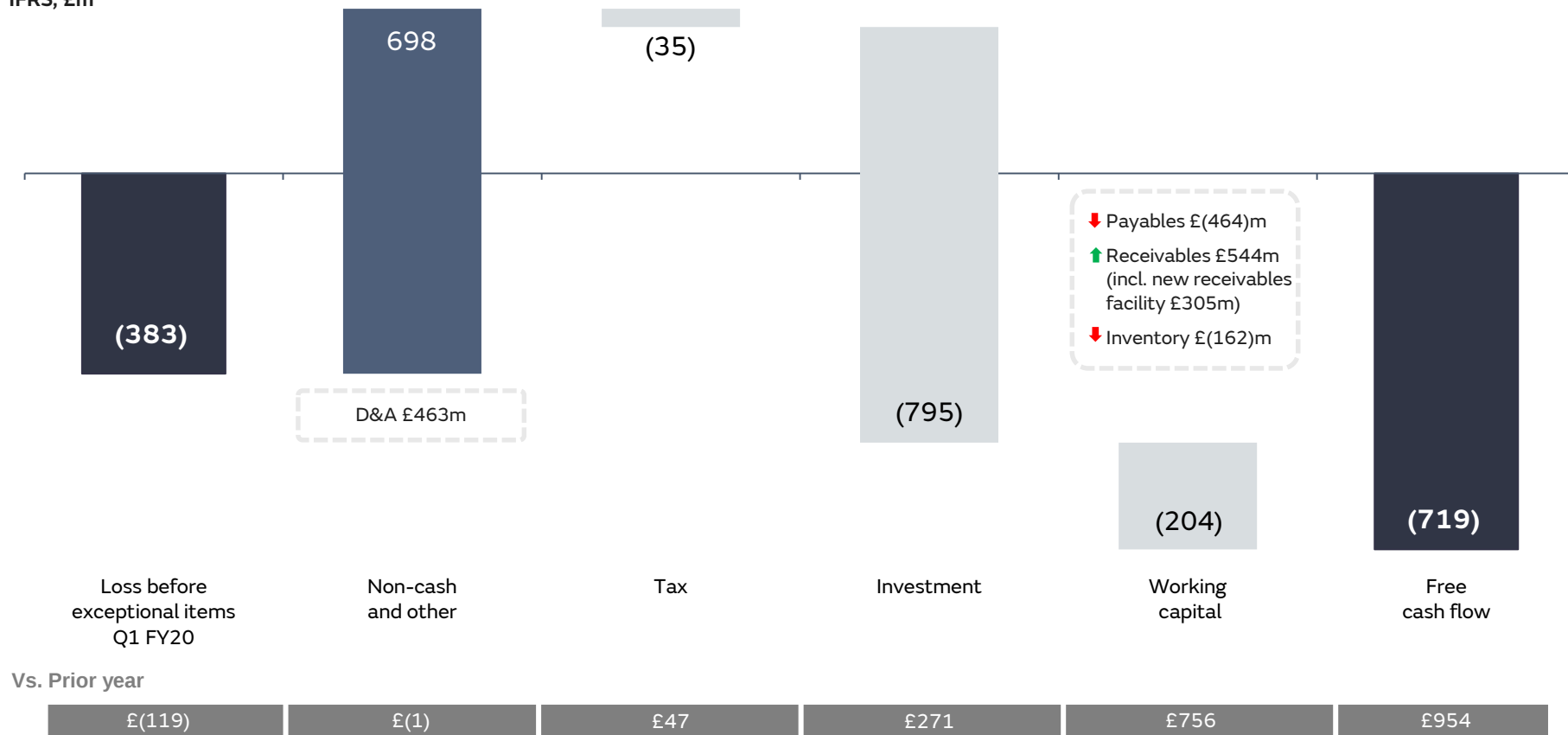
Q1 FY19	Volume, mix and market	Net pricing	Contribution costs	Structural costs	Exchange & unrealised commodities	Q1 FY20
(264)	↓ Wholesales incl. China JV down 13k £(132)m (141)	↓ Increased VME (6.9% to 8.8%) £(103)m - driven by runout of Discovery Sport, Evoque and XJ, as well as China CN5 de-stocking (103)	↑ Manufacturing £22m ↓ Warranty £(125)m ↓ Material cost incl. commodity hedging £(38)m (141)	↑ Fixed marketing & selling expense £40m ↑ D&A benefit from impairment £86m 128	↑ Operating exchange £58m ↑ Realised hedges £63m ↑ FX reval £44m ↓ Unrealised commodity hedges £(27)m 138	(383)
Underlying EBIT						
(3.7)%	(4.5)%	(2.7)%	2.6%	2.8%	(5.5)%	

Cash outflow £954 better than prior year

Cash outflow of £719m, incl. £305m receivable financing



IFRS, £m

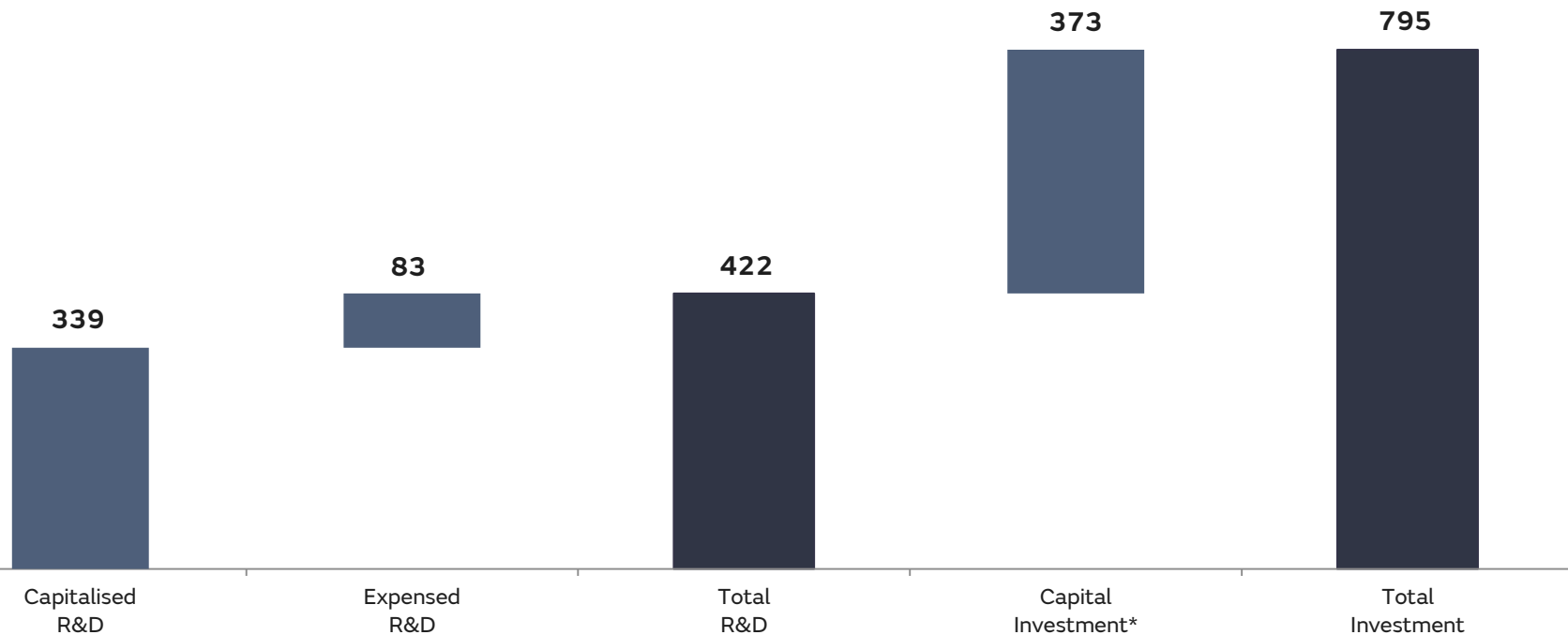


Investment spending £271m lower than prior year



FY20 likely to be ~£3.8b

IFRS, £m



* Of which £301m relates to purchases of property, plant and equipment in Q1 FY20 vs. £435m in Q1 FY19.

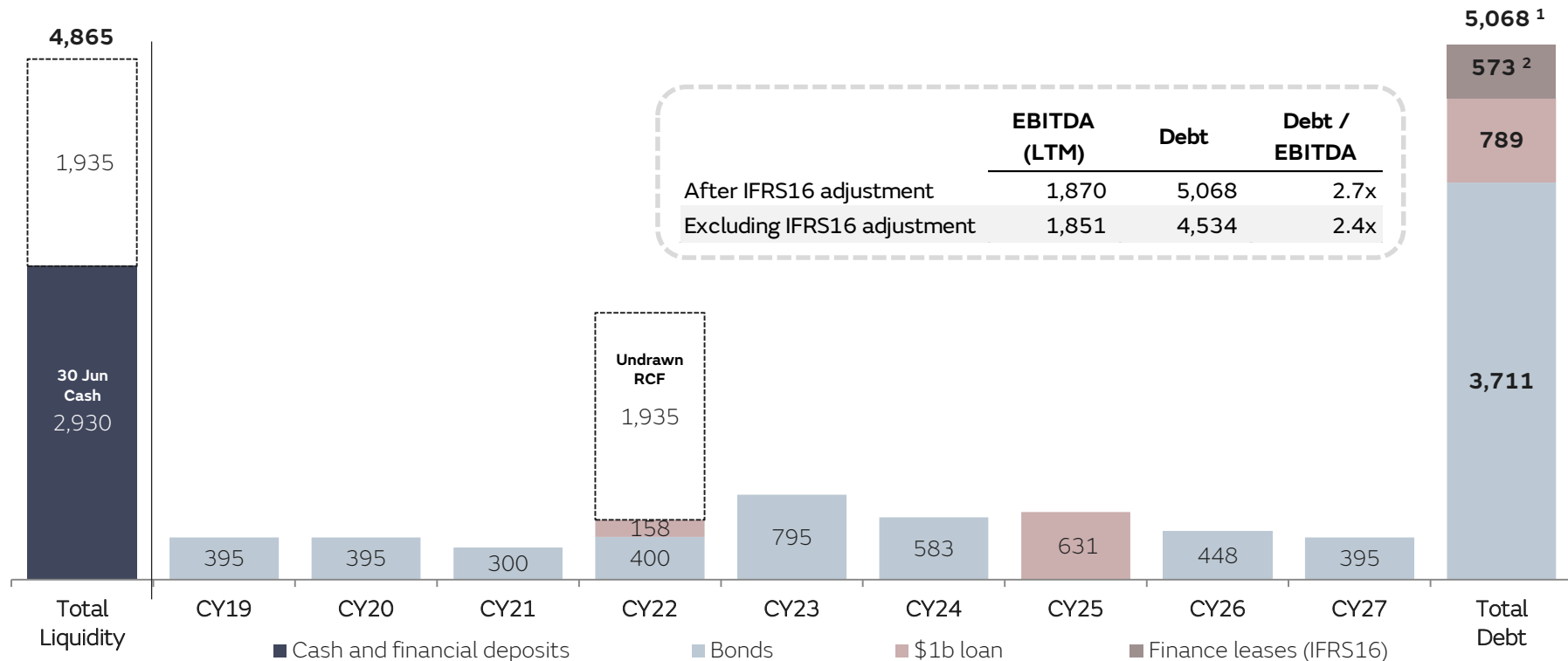
£4.9b total liquidity

Debt £5.1b, including £534m added for IFRS16 accounting change



IFRS, £m

Debt maturity profile



¹ Includes £(5)m comprising £27m Fair Value adjustment and £(32)m capitalised fees.

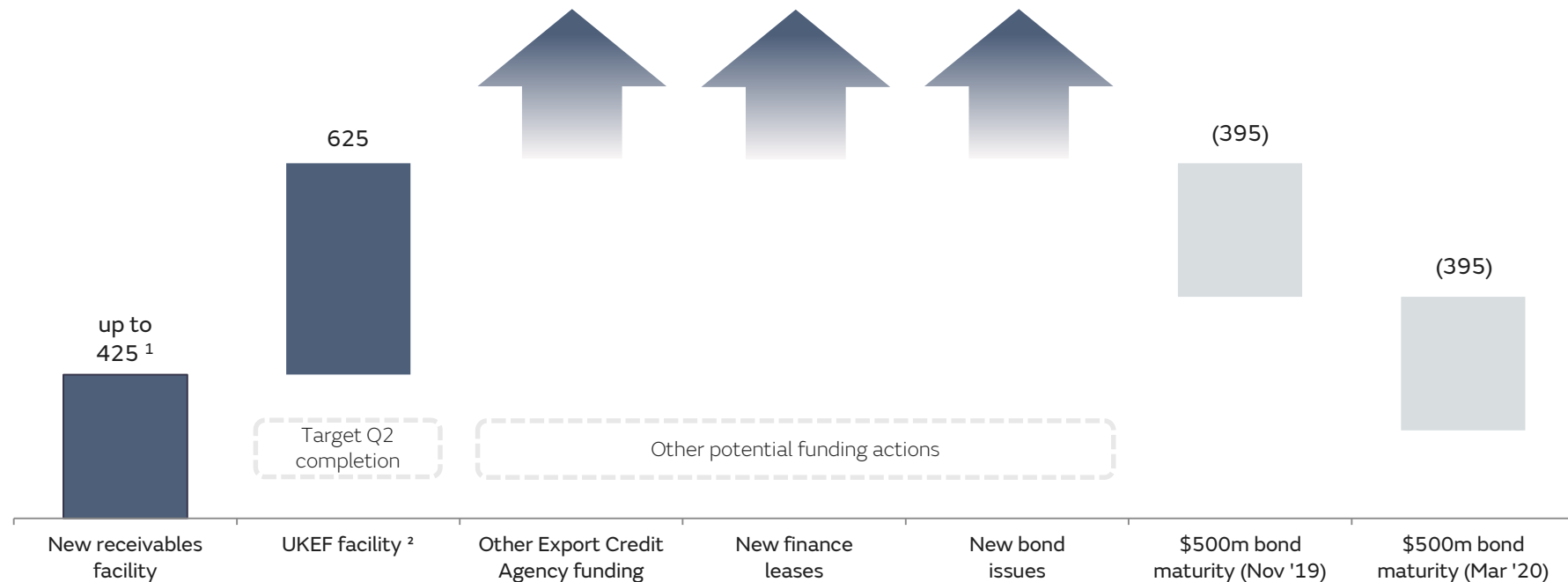
² Includes £534m of leases now accounted as debt under IFRS16



FY20 funding plans

\$700m receivable facility in use, plan for £625m UKEF facility

IFRS, £m



¹ £425m net assumes full \$700m drawdown (£305m drawn at 30th June) and repayment of £114m preceding facility (fully repaid by 30th June). New facility accounted as sold instead of debt, i.e. off balance sheet.

² UK Export Finance providing £500m guarantee in support of £625m 5yr amortising syndicated loan, subject to final documentation and approvals



JLR STRATEGY AND OUTLOOK



Automotive industry headwinds continue

Global and market-specific challenges



Challenges

- High incentives
- Tariff risks

Positives

- Strong SUV demand
- JLR outperforming industry



Challenges

- Brexit
- Diesel uncertainty and taxes

Positives

- JLR outperforming industry



Challenges

- Slowing economy
- Diesel uncertainty
- CO₂ taxes



Challenges

- Continued Macro headwinds
- Lower consumer confidence

Positives

- Premium demand more resilient and premiumisation expected to continue

Global challenges

- Technological change, including the adoption of electrification and driver assistance
- Emissions compliance and regulatory change
- Macro headwinds
- Geo-political risks, including trade wars

Turnaround and transformation plan

Proactive response to improve results in challenging environment



1. Strong pipeline of new and refreshed products to improve sales, particularly in China



2. Project Charge to reduce cost and improve profits and cash flow



3. Project Accelerate to create a more robust long term sustainable business

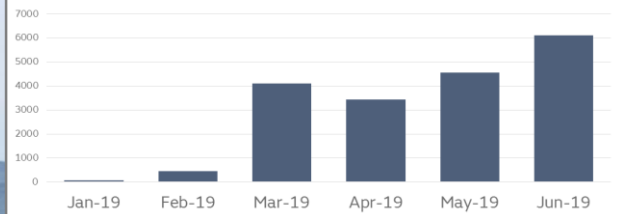


Positive Evoque and I-PACE sales development

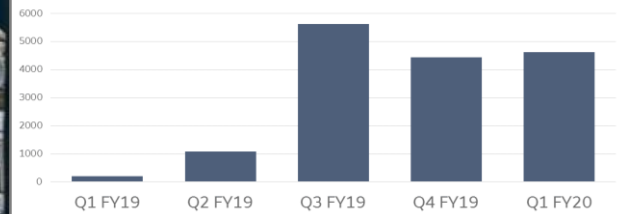
New Evoque on sale in China from August



New Range Rover Evoque retail sales by month



Jaguar I-PACE retail sales by fiscal quarter



Q1 China market update

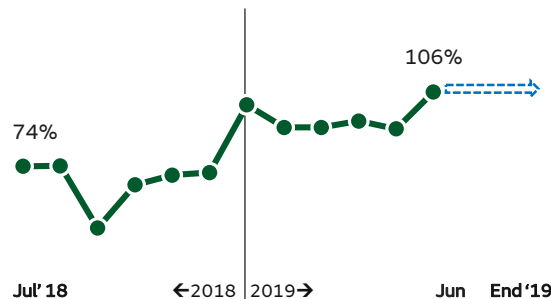
Continued stabilisation of KPIs; expect growth to improve hereon



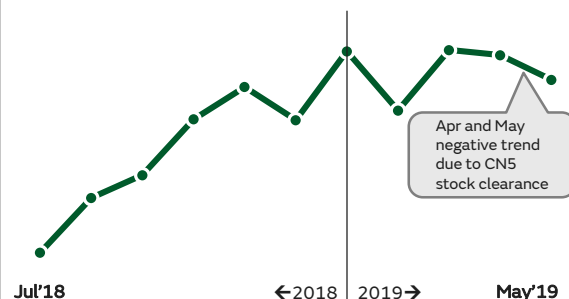
Underlying Operational Performance

- Retail Target achievement improved to above 100% with an improved retailer confidence
- Retailers Return on Sales (RoS) improved in 2019 with increased number of profitable retailers. April and May results negatively affected by CN5 stock clearance with higher discount level.
- Retailer stock level reduced to the lowest level since 2017, which helped to balance supply and demand relationship while releasing cash for retailers
- Local registration improved to 80%

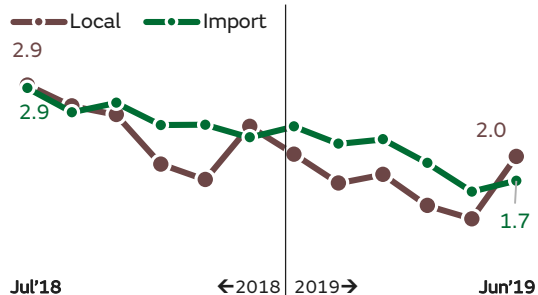
Retail Target Achievement ¹



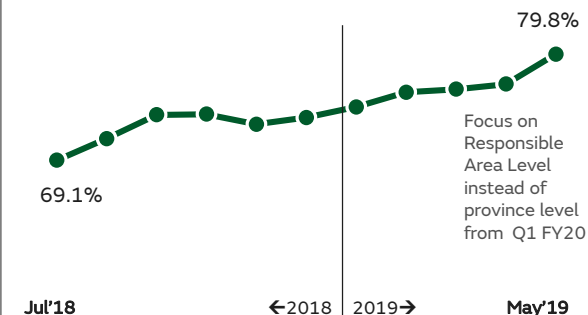
Retailer Return on Sales (%)



Retailer Stock Index in month



Local Registration Rate ²



Brexit – expect decisive actions in coming days

Risk mitigation plans for a possible “No Deal” Brexit outcome



Deal

- JLR to benefit from continued frictionless trade
- Expect currency to appreciate gradually

No Deal

- Potential delays at ports could disrupt supply chain
- Loss of access to preferential tariffs could result in loss of competitiveness

Near-term operational impacts

Impacted area	JLR Response
Production Scheduling	To evaluate closer to Oct 31 st .
Production continuity	Buffer stocks increased to reduce potential disruption
Operational continuity	Cross-functional Brexit governance programme in place incl. supplier engagement, IT changes and customs compliance

Ongoing structural impacts

Impacted Area	JLR Response
Pricing	Will pass on net cost impact if any to the extent possible
FX offset	Year 1: The pound expected to weaken offsetting tariff costs partly in year one (net of hedging) Year 2 onwards: Expect to benefit from currency

Clarity to help execution; JLR continues to actively engage with government and trade bodies

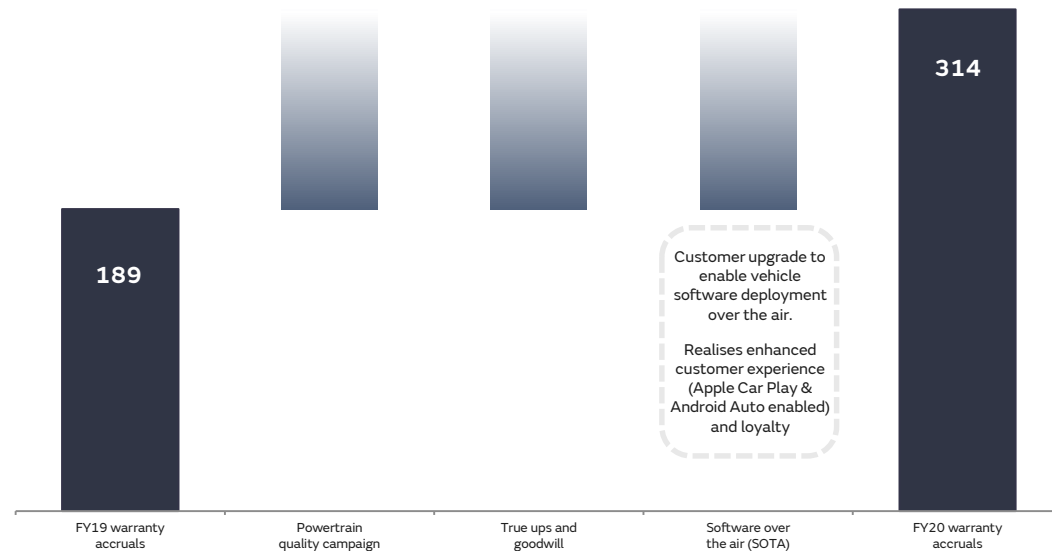


Warranty and quality update

Q1 reflects legacy issues; transformation underway to improve

Q1 FY20 WARRANTY INCREASE

£125m Year over Year variance



IMPLEMENTING QUALITY TRANSFORMATION

CURRENT PRODUCT

- **RAPID ISSUE RESOLUTION:**
Collecting multiple product performance measures and creating a single prioritised issue set for rapid fix implementation (e.g. SOTA deployment)
- **QUALITY STRATEGY DEPLOYMENT:**
Strengthened organisational engagement in the Quality transformation, driven through simplified measurement of performance & improved information flow across the business.

FUTURE PRODUCT

- **ENGINEERING FOR A QUALITY OUTCOME:**
Focussing Engineering effort on the core systems to improve the reduction of technical risk and ensure robust product functional performance & durability (e.g. new software test facilities & rigs)
- **PRODUCT COMPLEXITY REDUCTION:**
Control Product Complexity that balances customer requirement whilst maximising product testing & validation during Engineering Development. (e.g. powertrain & chassis derivative reduction)
- **PRODUCT DEVELOPMENT GOVERNANCE:**
Enhanced quality governance at critical product development milestones with a strong & independent assessment of technical risk during programme delivery.

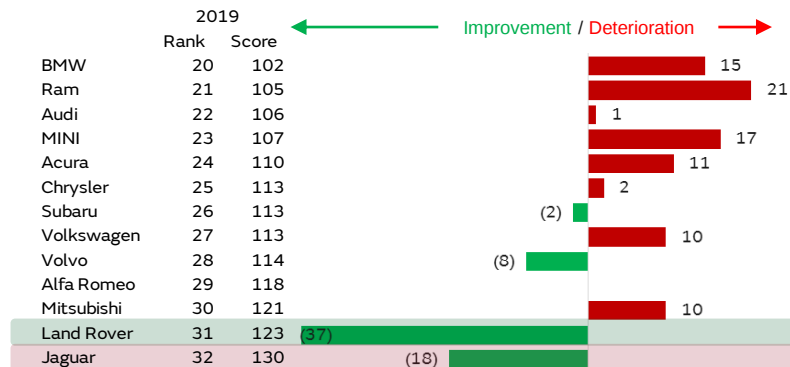
Warranty and quality update

US IQS scores significantly improved; China VQS scores positive



JD Power US IQS

2019 IQS PP100 Rankings



- Jaguar ranked 32 and Land Rover ranked 31 by JD Power for 19MY
- However, Jaguar and Land Rover scores significantly improving:
 - Land Rover most improved of any brand in the last 3 years
 - Jaguar score second most improved in the 19MY Survey
- Target: top 5



JD Power China VQS



- Jaguar ranked 2 and Land Rover ranked 9 by JD Power for 18MY
- In both the midsize and large luxury SUV segment, XFL, Range Rover and Range Rover Sport perform top of the rankings

Warranty and quality update

Focus on improving Infotainment and Interiors

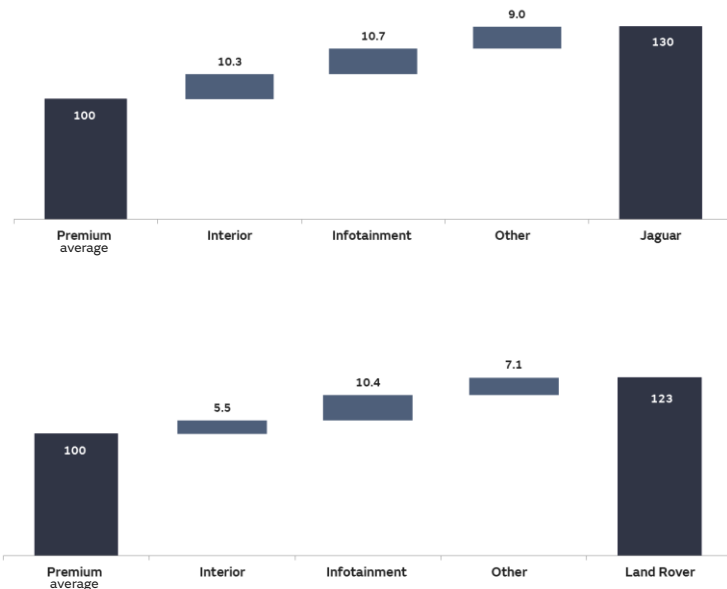


Key areas of improvement: INFOTAINMENT and INTERIORS



Our response

JD Power US IQS scores



INFOTAINMENT

- JDP 19 MY IQS: 20% improvement from 18 MY
- SOTA implemented as key enabler for improved infotainment system performance and quality, latest software to increase stability and connectivity, including support of Apple Car play and Android Auto
- New models to include: Instant start up, Improved Touch Screen Response, voice and navigation engines

INTERIOR

- Mid-cycle improvements on XE, F-PACE, Discovery Sport
- New model improvements including stowage, user controls and comfort

Project Charge ahead of target

First £1.7b of £2.5b target delivered



	Target £b	FY19 £b	FY20 Q1 £b	Comment
 Investment	1.0	0.7	0.3	FY20: Expected to achieve > £0.5b driven by reductions in engineering expenditure and non-product investments
 Working Capital	0.5	0.4	-	- Q1 YoY working capital £0.8b improvement but QoQ £(0.2)b due to seasonality - FY20: Expected to exceed £0.5b cumulative target through further reductions in inventory and receivables
 Cost & Profits	1.0	0.2	0.1	£0.1b savings in Q1 driven by headcount reduction and lower fixed marketing / selling expenses. - FY20: Expected to achieve > £0.8b (roadmap on next slide)
Total Cash	2.5	1.3	0.4	

Roadmap for £1b of cost savings



Target to
achieve

£1B

Cost and profit



£150M value realized in FY19

- c.£120M YoY FY19 non-people overheads savings
- c.£30M people savings realised



£250M year-over-year people cost reduction in FY20 -- £400m reduction in existing cost base from redundancy program offset partially by previously assumed increases in people costs

- £60M delivered in Q1 FY20, On track for timely completion



£250M+ FY20 material cost improvements targeted, incl.:

- High confidence in achieving full FY20 target



£200M+ FY20 targeted across overhead costs

- Targeting non-people overheads
- c.£30M delivered in Q1 FY20



£150M additional operating profit initiatives being identified for FY20

Looking ahead

Our plans remain same



Key metrics	FY20-21	FY22-23	Beyond
Retail sales growth	> Premium Segment	> Premium Segment	> Premium Segment
EBIT margin	3-4%	4-6%	7-9%
PBT	Positive	Positive	Positive
Investment spending	Up to £4b	Up to £4b	11-13% of revenue
Free cash flow	Negative, improving	Positive	Positive
Gross debt/EBITDA	≤ 2.8x	≤ 2.8x	≤ 2.0x

- Expect improved PBT, margins and cash flow over FY20, driven by new products and Project Charge
- FY21 metrics reflect the impact of significant prior model run outs and changeovers in the period
- Gross debt / EBITDA target ratio increased from 2.5x to 2.8x, to adjust for the impact of accounting for leases as debt under IFRS16 (year-end target, intra-year ratios may be higher)

We are committed to Competitive, Consistent, Cash Accretive growth over the medium to long term

Thank you



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ADDITIONAL SLIDES

China JV (100%): Loss before tax £68m

Low dealer profitability led to lower volumes



IFRS, £m	Q1 FY20	Q1 FY19	Change
Retail volumes ('000 units)	14.2	21.2	(7.0)
Revenues	366	680	(314)
Profit / (Loss) - before tax	(68)	93	(161)
- after tax	(53)	60	(113)
EBITDA	(5)	141	(146)
<i>EBITDA Margin</i>	(1.4)%	20.7%	(22.1)%
EBIT	(64)	90	(154)
<i>EBIT Margin</i>	(17.5)%	13.2%	(30.7)%
Cash and cash equivalents	439	316	123

Income statement



IFRS, £m	Q1 FY20	Q1 FY19	Change
Revenues	5,074	5,222	(148)
Material and other cost of sales	(3,281)	(3,366)	85
Employee costs	(656)	(733)	77
Other (expense)/income	(1,263)	(1,225)	(38)
Product development costs capitalised	339	426	(87)
EBITDA	213	324	(111)
Depreciation and amortisation	(463)	(549)	86
Share of profit/(loss) from Joint Ventures	(28)	30	(58)
EBIT	(278)	(195)	(83)
Debt/unrealised hedges MTM & unrealised investments	(70)	(58)	(12)
Net finance (expense) / income	(35)	(11)	(24)
Profit before tax and exceptional items	(383)	(264)	(119)
Exceptional items	(12)	-	(12)
Profit before tax	(395)	(264)	(131)
Income tax	(7)	54	(61)
Profit after tax	(402)	(210)	(192)

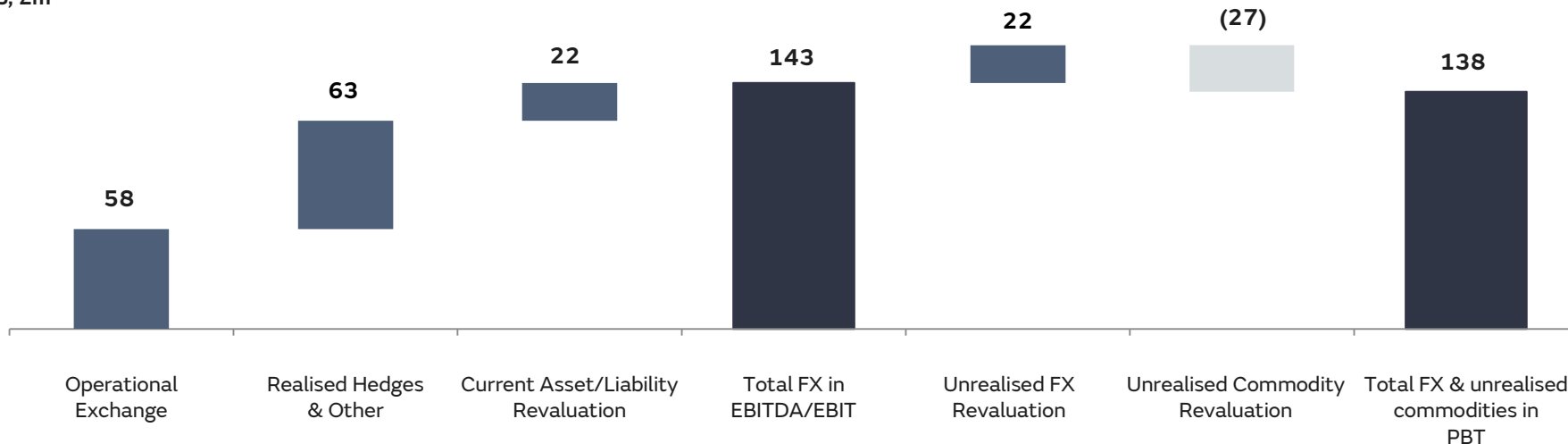
The exceptional items impacting Q1 FY20 relate to one-time separation costs. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR). The Group recognises its share of profits from CJLR within EBIT.

FX and unrealised commodities up £138m YoY

Favourable operational exchange, net hedging and revaluation



IFRS, £m



End of Period Rates

	Q1 FY19	Q4 FY19	Q1 FY20	YoY Change	QoQ Change
GBP:USD	1.311	1.302	1.267	(3.3%)	(2.7%)
GBP:EUR	1.128	1.160	1.113	(1.3%)	(4.0%)
GBP:CNY	8.692	8.757	8.705	0.2%	(0.6%)

Hedge Reserve (Pre-Tax)

	Q1 FY19	Q4 FY19	Q1 FY20
Current Portion	(564)*	(459)	(444)
Non-Current Portion	(169)	(204)	(167)
Total	(733)	(663)	(611)

Certain analysis undertaken and represented in this document may constitute an estimate from the Company and may differ from the actual underlying results

* Restated

FX and unrealised commodities up £138m YoY

Favourable operational exchange, net hedging and revaluation



IFRS, £m	Q1 FY20	QoQ Change	YoY Change
Operational exchange	n/a	39	58
Realised FX hedges and other	(149)	9	63
Revaluation of current assets and liabilities	(34)	(74)	22
Total FX impacting EBITDA & EBIT	n/a	(26)	143
Revaluation of unrealised currency derivatives	11	11	21
Revaluation of USD and Euro Debt	(49)	(87)	1
Total FX impact on PBT	n/a	(102)	165
Realised commodities (incl. in EBITDA & EBIT)	4	(1)	(12)
Unrealised commodities (excl. from EBITDA & EBIT)	(26)	(49)	(27)
Total Commodities impact on PBT (incl. in contribution costs)	(22)	(50)	(39)
Total FX & Commodities impact on PBT	n/a	(152)	126
Total pre-tax hedge reserve	(611)	52	122
Current portion of hedge reserve	(444)	15	120
End of Period Exchange Rates			
GBP:USD	1.267	(2.7%)	(3.3%)
GBP:EUR	1.113	(4.0%)	(1.3%)
GBP:CNY	8.705	(0.6%)	0.2%

Memo:

¹ The year-on-year operational exchange is an analytical estimate, which may differ from the actual impact

² Realised hedge gains/(losses) are driven by the difference between executed hedging exchange rates compared to accounting exchange rates

³ Exchange revaluation gains/(losses) reflects the estimated impact of the change in end of period exchange rates as applied to relevant balances